

BEFORE THE
POSTAL REGULATORY COMMISSION
WASHINGTON, D.C. 20268-0001

FIRST-CLASS MAIL AND PERIODICALS
SERVICE STANDARD CHANGES, 2021

Docket No. N2021-1

**RESPONSE OF THE UNITED STATES POSTAL SERVICE TO
QUESTION 4 OF PRESIDING OFFICER'S INFORMATION REQUEST NO. 3**
(May 27, 2021)

The United States Postal Service hereby provides its response to question 4 of Presiding Officer's Information Request No. 3, issued on May 19, 2021. The question is stated verbatim and followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

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**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS WHITEMAN TO
PRESIDING OFFICER'S INFORMATION REQUEST NO. 3**

Question 4. Please explain the reasons for the difference in the expected cost savings reported in Docket No. RM2017-3, Comments of the United States Postal Service, March 20, 2017, Appendix C at 4, and the cost savings of \$36.1 million as shown in Library Reference USPS-LR-N2021-1/11, May 17, 2021.

RESPONSE:

The estimated average annual net cost savings referenced at page 4 of the 2017 report combines savings resulting from multiple different measures described at pages 28-30 of that report. The measure representing the overwhelming majority of those savings was implemented by the Postal Service; the other measures, representing far smaller estimated savings, were not. The variance between the report's estimate of net savings from the implemented measure and the actual FY2017 cost savings shown in Library Reference USPS-LR-N2021-1-11 is on the order of less than 10 percent. This discrepancy might reasonably be seen as within an expected range of variance between estimates and actual experience.

It should also be noted that the figure on page 4 represents an annual average across 10 years, with escalation to reflect cost inflation. By contrast, the relevant figure on pages 28-30 of the 2017 report is a one-year figure, further reinforcing its comparability to the figure in Library Reference USPS-LR-N2021-1-11.